

Approved: 10-01-03
Expires: 10-01-04

SUBJECT: MANAGING CRITICAL MANAGEMENT IMPROVEMENT INITIATIVES

1. OBJECTIVES. To establish a systematic, results-oriented approach for the management of critical management improvement initiatives undertaken at the Department of Energy (DOE). The approach is intended to ensure that such initiatives—
 - a. are managed in an organized and disciplined manner, consistent with the best practices of high-performing organizations, and
 - b. use results-oriented data to assess the effectiveness of the initiatives and make changes as warranted.

This Notice is not intended to supersede, duplicate, or otherwise act inconsistently with DOE's performance, planning, programming, budgeting, and evaluation systems.

2. CANCELLATIONS. None.

3. APPLICABILITY.

- a. DOE Elements. Except for the exclusions in paragraph 3c, this Notice applies to all Departmental elements listed in Attachment 1, including the National Nuclear Security Administration (NNSA).
- b. Contractors. This Notice does not apply to contractors.
- c. Exclusions. This Notice does not apply to the Bonneville Power Administration and the Naval Reactors Program.

4. REQUIREMENTS.

- a. Prior to a critical management improvement initiative being started within the Department, it must be supported by a formal written action plan as provided below.
 - (1) A critical management improvement initiative action plan must—
 - (a) define the purpose of the initiative, including the problem, challenge, or issue that the initiative seeks to resolve or address;
 - (b) define the goals or objectives of the initiative;

- (c) include an implementation strategy that discusses the approach that will be taken to understand the current state, identify the nature and source of current problems, analyze theories about the causes of the problems, consider alternate solutions and their associated functions and requirements, and document the decision process to proceed in determining one or more options for implementation;
 - (d) establish a schedule, including defined activity milestones for completion of the initiative and the assessments provided for in paragraph 4a(1)(f) below;
 - (e) identify the organization and primary action officer responsible for the initiative and any participating or supporting organization and team members, as appropriate;
 - (f) provide measures for assessing the outputs and outcomes of the initiative, including results-oriented measures and supporting data which will permit an assessment of the effectiveness of the initiative and the identification of any necessary changes, corrective actions, or followup actions to better achieve the underlying goals or objectives of the initiative; and
 - (g) provide the methods to be used to produce the data necessary for paragraph 4a(1)(f) above.
- (2) A critical management improvement initiative action plan may also—
 - (a) identify constraining requirements or conditions which impact the plan and
 - (b) delineate associated resources required for execution of planned actions.
- b. The action plan must be developed, maintained, and updated as necessary by the action officer and approved by the initiative's sponsor.
- c. A written assessment must be performed for each completed initiative in accordance with the plan schedule, and any changes, followup initiatives, or corrective actions must be identified.
- d. Information regarding the completion of an initiative and the follow-on assessments must be provided to the cognizant head of the Departmental element; Under Secretary; Deputy Secretary/Chief Operating Officer; and the Director, Office of Management, Budget and Evaluation/Chief Financial Officer for coordination, as appropriate, with the DOE Strategic Plan and budget/performance integration reporting.

- e. The requirements contained herein may, but are not required to, be applied to noncritical management improvement initiatives or critical management improvement initiatives that were initiated before the effective date of this Notice.
- f. Any decision to apply the requirements of this Notice to a critical management improvement initiative that was initiated before the effective date of this Notice will be made in writing by the Deputy Secretary or cognizant Assistant Secretary/Deputy Administrator (NNSA).

5. RESPONSIBILITIES.

- a. Heads of Departmental Elements.
 - (1) Ensure that the requirements of this Notice are implemented throughout their organizations.
 - (2) Approve action plans for improvement initiatives under their cognizance.
 - (3) Report periodically to the Deputy Secretary/Chief Operating Officer, through the cognizant Under Secretary, on the status, outputs, outcomes and assessments of critical management improvement initiatives undertaken by their organizations as part of their periodic performance reviews, and provide the information required by paragraph 4d above.
 - (4) Designate action officers for each critical management improvement initiative action plan under their cognizance.
- b. Director, Office of Management, Budget and Evaluation/Chief Financial Officer.
 - (1) Maintains this Notice for the Secretary.
 - (2) Coordinates information developed in conjunction with this Notice with the DOE Strategic Plan and the tracking of budget/performance integration data.
- c. Action Officers.
 - (1) Develop, maintain, and update action plans.
 - (2) Following completion of critical management initiatives, perform written assessments of the effectiveness of the initiatives in accordance with action plan schedules, and identify any changes, followup initiatives, or corrective actions that may be needed.

6. DEFINITIONS.

- a. Management improvement initiative: Any formally established activity which is intended to improve existing or create new organization structures, management systems, management controls, or work or decision-making processes in response to identified challenges, problems, or issues relating to the accomplishment of DOE mission activities. Such activities may be embodied in reorganizations, policies, regulations and other directives, process methods, and other vehicles for effecting systemic change.
- b. Critical management improvement initiative: An activity which meets the conditions described in paragraph 6a and is intended to—
- (1) support a defined element of the DOE Strategic Plan;
 - (2) support a defined element of any first tier organization's program plan, tactical plan, business plan, or similar document;
 - (3) respond to a management challenge identified by the General Accounting Office or the DOE Inspector General or a management control deficiency identified in the Department's annual Federal Managers Financial Integrity Act report; or
 - (4) respond to direction or is sponsored by the Secretary, Deputy Secretary/Chief Operating Officer, or the cognizant Under Secretary or the cognizant Assistant Secretary/Deputy Administrator (NNSA).

For purposes of this Notice, management improvement initiatives do not include the DOE Strategic Plan or program plans which are the subject of DOE's performance, planning, programming, budgeting, and evaluation system.

- c. Initiative sponsor: Head of a Departmental element responsible for the development and actions associated with a critical management improvement initiative action plan.
7. CONTACT. For information about this Notice, contact Edward Simpson, Office of Contract Management, at (202) 586-3168.

BY ORDER OF THE SECRETARY OF ENERGY:



KYLE E. McSLARROW
Deputy Secretary

DOE ELEMENTS TO WHICH DOE N 125.1 IS APPLICABLE

Office of the Secretary
Office of the Chief Information Officer
Office of Civilian Radioactive Waste Management
Office of Congressional and Intergovernmental Affairs
Office of Counterintelligence
Departmental Representative to the Defense Nuclear Facilities Safety Board
Office of Economic Impact and Diversity
Office of Energy Efficiency and Renewable Energy
Energy Information Administration
Office of Environment, Safety and Health
Office of Environmental Management
Office of Fossil Energy
Office of General Counsel
Office of Hearings and Appeals
Office of Independent Oversight and Performance Assurance
Office of the Inspector General
Office of Intelligence
Office of Management, Budget and Evaluation and Chief Financial Officer
National Nuclear Security Administration
Office of Nuclear Energy, Science and Technology
Office of Policy and International Affairs
Office of Public Affairs
Office of Science
Secretary of Energy Advisory Board
Office of Security
Office of Worker and Community Transition
Office of Energy Assurance
Southeastern Power Administration
Southwestern Power Administration
Western Area Power Administration